

GoTriangle board recommends light-rail project be discontinued

For Immediate Release

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Research Triangle Park, NC (March 27, 2019) – The GoTriangle Board of Trustees voted unanimously today to recommend that the cost-sharing partners in Durham and Orange counties and the Durham - Chapel Hill - Carrboro Metropolitan Planning Organization discontinue the light-rail project.

The board acted on the recommendation of GoTriangle President and CEO Jeff Mann, who read this statement:

The light-rail project has been considered the spine of Durham and Orange counties' transit plans since Durham voters in 2011 and Orange voters in 2012 approved a half-cent sales tax to invest in significant public transit improvements.

As we've stated many times, the project would create and support tens of thousands of new jobs and infuse billions of dollars into our local and state economies. The final, approved light-rail alignment connects three of the top 10 employers in the state and three major hospitals as well as UNC, Duke and North Carolina Central University.

Over the years, the two counties have used this approved light-rail alignment as a basis for land-use, economic development and affordable housing plans to best accommodate the more than 7,000 people the counties are adding each year.

Unfortunately, this project has recently faced a number of significant challenges, most notably Duke University's refusal to sign necessary agreements with GoTriangle.

Additionally, several changes to state law since 2016 brought the anticipated state contribution to the project from 25 percent to 10 percent and eventually down to no more than \$190 million, or about 7.7 percent.

In late 2018, the Durham County Board of Commissioners approved spending an additional \$57.6 million in voter-approved, transit-designated revenue from Durham County to close part of the gap created by the legislative change.

The financial plan also anticipated that \$102.5 million in light-rail project funding would come from other public and private sources, including property donations through the GoTransit Partners' Capital Campaign. Unfortunately, the prolonged and ultimately unfruitful negotiations with Duke University halted those fundraising efforts.

The 2018 legislative change also required that all other nonfederal funds for the project be committed by April 30, 2019, and all federal funds no later than Nov. 30, 2019, for the light rail to receive any state funding for the project.

Over the past six months, new challenges have made those deadlines increasingly difficult to meet and contributed to additional project costs.

For more than a decade, and more intensely over the past year, GoTriangle and local elected officials have worked closely with Duke to address the university's concerns, going as far as to include a \$90 million design change to elevate the light rail over Erwin Road at the university's request. As you know, Duke has refused to sign a cooperative agreement with GoTriangle and more recently denied our request to continue conversation through mediation.

As of today, we also have not reached a final agreement with the state-owned North Carolina Railroad that is also necessary for the project to move forward.

In December, Norfolk Southern expressed concerns regarding railroad operations, and stakeholders, including Duke University, expressed concerns over light-rail plans calling for a section of Blackwell Street to be closed to vehicles. As a result, the project team proposed a new tunnel option for the light rail in downtown Durham.

In part because of the proposed design changes in downtown Durham and the unresolved agreements, the FTA recently sent GoTriangle staff a draft risk assessment report stating that an additional \$237 million in project costs and contingency must be built into the project budget.

The FTA also informed GoTriangle that the downtown Durham project change would require a significant amount of additional environmental study and review.

Last week I traveled to Washington, D.C., to meet with representatives of the Federal Transit Administration and had some very frank conversations.

FTA let us know that because of the continued uncertainty with Duke and the North Carolina Railroad and the additional environmental assessment needed for the downtown Durham changes, it is no longer practical to anticipate that Durham and Orange counties' light-rail project will receive a Full Funding Grant Agreement by November 2019.

That means this project would not be able to meet the Nov. 30 deadline set by the legislature and therefore would no longer be eligible for any state funding.

At this point, the counties would have to identify a path to cover the loss of the state's \$190 million, the additional \$237 million in project costs and contingency, and the approximately \$87 million shortfall in fundraising efforts. That doesn't include an FTA requirement to identify a source for up to 10 percent of the project costs to cover potential cost overruns or revenue shortfalls, the cost of borrowing or possible costs associated with pursuing eminent domain to secure the remaining land needed.

Based on all of those factors and our most recent meeting with the FTA, I am asking today that the board recommend that the cost-sharing partners from Durham and Orange counties and the Durham – Chapel Hill – Carrboro Metropolitan Planning Organization (DCHC MPO) discontinue the light-rail project. It pains me to make this recommendation.

We remain committed to improving transit in the Triangle and will work with our county partners to determine what elements of the existing community investment can be repurposed as we move forward.